

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**RESPONSES BY SPRAGUE ENERGY CORP. TO THE
FIRST SET OF INFORMATION REQUESTS FROM BAY STATE GAS COMPANY**

D.T.E. 06-36

DATE: August 31, 2006

Responsible Person(s): George E. Briden, Snake Hill Energy Resources, Inc.

BSG-SPR-1 Please refer to the Testimony of George E. Briden (“Briden Testimony”) at p. 5 - 6. Sprague witness Briden states that BSG is not required [by the Department] to plan for GF customers. Please explain in detail your understanding of the Department’s policy of an LDC obligation, or its expectation of an LDC, to serve “Essential Needs” customers, irrespective of their capacity assignment status.

RESPONSE: The referenced testimony addresses aspects of the Department’s policy regarding LDC obligations with respect to the “Grandfathered Customers”. See *D.T.E. 02-75 at 32*; *D.T.E. 02-75-A*. Dr. Briden does not offer testimony with respect to “the Department’s policy of an LDC obligation, or its expectation of an LDC, to serve ‘Essential Needs’ customers, irrespective of their capacity assignment status.”

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-2 Please refer to the Briden Testimony at p. 11 & 12. How does Sprague or its witness, Mr. Briden, suggest revising Bay State's intraday nomination provisions in its Distribution and Default Service T&Cs to allow the Company to monitor and act on Supplier under-deliveries at critical times of the day that threaten system reliability?

RESPONSE: In preparation for a Critical Day, Sprague would envision Bay State taking all reasonably available steps to assure that the volume of gas being delivered to its system is adequate to meet the estimated needs of firm customers. (We assume that interruptible customers will be curtailed on a Critical Day.) These steps would include acquiring supplemental supplies delivered to Bay State's city gates, if available in the market. In the event that all available supply options were exhausted and a specific supplier's aggregate nomination appeared to be inadequate or one or more individual nominations were not being confirmed by the delivery pipeline, Bay State should notify the affected supplier(s) of the apparent problem while simultaneously making preparations to shut off customers affected by the deficient nominations. These actions would occur on the afternoon prior to a Critical Day, after initial nominations are due. If Bay State takes these steps, the supplier would have until the following morning to make corrections or explain to Bay State why the initial nomination was sufficient (e.g., a customer taking firm distribution service that has the ability to curtail operations or switch to an alternate fuel). If, as of the beginning of the following gas day, the supplier has failed to remedy the deficient nomination or explain it to Bay State's reasonable satisfaction, Bay State should be prepared to curtail customers served by that supplier in accordance with the principles of Bay State's short-term curtailment plan until such time as the supplier was able to arrange for the delivery of sufficient volumes to Bay State's system. If the apparent deficiency is the result of customer's voluntary curtailment of natural gas use, Bay State should be prepared to monitor that situation closely.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-3 Please refer to the Briden Testimony at p. 12 & 13. How could real-time metering (and remote shut-off controls) be utilized to avoid the system reliability consequences caused by GF overtakes in the course of a Critical or OFO Day?

RESPONSE: Real-time metering and remote shut-off would be used in conjunction with the nomination procedures described in Sprague's response to BSG-SPR-2 to ensure that customers do not exceed the volume of gas available to them on a Critical Day.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing
and Sprague Energy Corp.'s counsel

BSG-SPR-4 Please provide a complete list of LDCs where Sprague serves retail natural gas customers.

OBJECTION: Sprague objects as the information request is overly broad in that it does not limit the request to LDCs in Massachusetts and further will not lead to information relevant to any determination of whether Bay State's proposal in this proceeding is just, reasonable and consistent with Department rules and precedent.

RESPONSE: Notwithstanding the above objection, Sprague is authorized to provide natural gas to end users on the following LDC systems in Massachusetts:

Bay State Gas
Berkshire Gas
KeySpan Energy Delivery New England (all territories)
NStar Gas
New England Gas (former Fall River territory)
Unitil (Fitchburg Gas & Electric)

Responsible Person(s): Sprague Energy Corp.'s counsel

- BSG-SPR-5** For each LDC identified in the response to BSG-SPR-4, please provide the following information for each year beginning 2003:
- i) the number of customers served;
 - ii) the total annual load served; and
 - iii) the aggregate MDQ or other measure of peak usage of customers served.

OBJECTION: Sprague objects as the information request is vague, overly broad, seeks information that is confidential and/or proprietary in nature and competitively sensitive, and will not lead to information that is relevant to any determination of whether Bay State's proposal in this proceeding is just, reasonable and consistent with Department rules and precedent. Sprague further objects to this information request, as to the extent its customers are served on the Bay State system, Bay State is already in possession of such information and any disclosure of such information to third parties should be protected as it is confidential and/or proprietary in nature and competitively sensitive.

Responsible Person(s): Sprague Energy Corp.'s counsel

BSG-SPR-6 For each MA LDC identified in the response to BSG-SPR-4, please provide the following information for grandfathered customers for each year beginning 2003:

- i) the number of customers served;
- ii) the total annual load served; and
- iii) the aggregate MDQ or other measure of peak usage of customers served.

OBJECTION: Sprague objects as the information request is vague, overly broad, seeks information that is confidential and/or proprietary in nature and competitively sensitive, and will not lead to information that is relevant to any determination of whether Bay State's proposal in this proceeding is just, reasonable and consistent with Department rules and precedent. Sprague further objects to this information request, as to the extent its customers are served on Bay State, Bay State is already in possession of such information and any disclosure of such information to third parties should be protected as it is confidential and/or proprietary in nature and competitively sensitive.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing
and Sprague Energy Corp.'s counsel

BSG-SPR-7 For each Bay State customer served by Sprague, please provide the following:
i) Bay State customer account no.;
ii) initial length of contract;
iii) date at which the customer can currently cease taking service from Sprague
without incurring any termination penalty.

OBJECTION: Sprague objects as the information request is overly broad, seeks information that is confidential and/or proprietary in nature and competitively sensitive, and will not lead to information that is relevant to any determination of whether Bay State's proposal in this proceeding is just, reasonable and consistent with the DTE's rules and precedent. Moreover, Sprague's contracts with its customers contain confidentiality provisions under which the contract terms constitute confidential customer information.

RESPONSE: Notwithstanding the above objection, please note that Bay State has in its possession its customer account numbers.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-8 Please provide a detailed description of all gas supply wholesale services provided by Sprague to its retail arm. Are these gas supply services provided pursuant to a contractual agreement between the wholesale and retail affiliates? Please describe any gas supply performance guarantees provided to the retail affiliate serving Bay State's customers.

RESPONSE: Sprague does not have "wholesale and retail affiliates," but instead operates its natural gas business as an integrated unit.

Responsible Person(s): Sprague Energy Corp.'s counsel

BSG-SPR-9: Please describe in detail any restrictions related to potential modifications to Sprague's current business plan or strategy of serving Bay State customers.

OBJECTION: Sprague objects to this information request as it is overly broad, vague, seeks confidential, proprietary and/or competitively sensitive information, and is not likely to lead to information relevant to this proceeding.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing
and Sprague Energy Corp.'s Counsel

BSG-SPR-10 Please describe in detail any restrictions related to potential modifications to current business plans or strategies of other marketers, other than Sprague, serving Bay State customers.

OBJECTION: Sprague objects to this information request as it is overly broad and vague and is not likely to lead to information relevant to this proceeding.

RESPONSE: Notwithstanding the above objection, Sprague further responds that it does not have knowledge of restrictions related to potential modifications to current business plans or strategies of other marketers.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-11: Please describe in detail any restrictions upon Sprague related to potential modifications to its current business plan or strategy of acquiring wholesale services from its affiliate.

RESPONSE: Sprague has no such affiliate, but if such an affiliate existed, the information requested would further be confidential and/or proprietary in nature.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing
and Sprague Energy Corp.'s Counsel

BSG-SPR-12: Please describe in detail any restrictions upon other marketers, other than Sprague, related to potential modifications to their current business plans or strategies of acquiring gas supplies to serve Bay State customers.

OBJECTION: Sprague objects to this information request as it is overly broad, vague, and is not likely to lead to information relevant to this proceeding.

RESPONSE: Notwithstanding the above objection, Sprague further notes that it does not have knowledge of the restrictions upon other marketers, other than Sprague, related to potential modifications to their current business plans or strategies of acquiring gas supplies to serve Bay State customers.

Responsible Person(s): George E. Briden, Snake Hill Energy Resources, Inc.

BSG-SPR-13: Please explain in detail how Mr. Briden's proposals address the operational risks posed by the unauthorized taking of gas.

RESPONSE: Dr. Briden's testimony is based on the fact that Bay State has been ordered to implement a system whereby it could monitor and remotely shut off grandfathered customers whose usage contributed to an overtake. Compliance with the Department's directives would address the operational risks posed by the unauthorized taking of gas.

Responsible Person(s): Sprague Energy Corp.'s counsel

BSG-SPR-14: What is the breakout of the design day and annual load of Sprague's grandfathered and non-grandfathered daily metered customers?

OBJECTION: Sprague objects as the information request is vague, overly broad, seeks information that is confidential and/or proprietary in nature and competitively sensitive, and will not lead to information that is relevant to any determination of whether Bay State's proposal in this proceeding is just, reasonable and consistent with Department rules and precedent. Sprague further objects to this information request, as to the extent its customers are served on Bay State, Bay State is already in possession of such information and any disclosure of such information to third parties should be protected as it is confidential and/or proprietary in nature and competitively sensitive.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-15: How does a supplier's access to Bay State's on-system no-notice LNG and propane resources, affect their ability to better meet changing requirements of their non-grandfathered daily metered customers?

RESPONSE: Peaking resources are well-suited to meet the "needle peak" requirements of heat-sensitive customers on extremely cold days. Peaking resources are economically efficient for this purpose due to their relatively low fixed cost and the infrequent need to incur their relatively high variable cost of production. Access to peaking resources, in general, reduces the long-term cost of providing service to heat-sensitive customers.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-16: In your opinion, if Bay State did not receive any nominations from marketers for its pool of customers, should it wait until the last nomination deadline (6:00 P.M. CT) on the upstream pipeline before taking any action to make up for this imbalance or should Bay State wait? Assuming that Bay State waits for final intra-day cycle nominations, and retail marketers have not cured their under-delivery at that time, what resources, if any, do you feel would be available to Bay State in the upstream market? Given that no more than 12 hours remains in the Gas Day, would these resources be sufficient to satisfy these grandfathered customers' total firm requirements? If not, how should Bay State ensure reliability of service to all of its firm customers?

RESPONSE: The hypothetical described in this information request is of no practical significance as it is highly improbable. However, in the unlikely event that Bay State did not receive *any* nominations from *any* marketers for *any* pool, it is Sprague's opinion that Bay State personnel would telephone the marketers and attempt to determine the reason it received no nominations. Bay State should certainly not wait for the last intraday deadline before taking action. If Bay State were to wait for the final intraday cycle before taking action, the most likely resources available to Bay State would be its own peaking supplies, followed by pipeline imbalance and penalty gas. Sprague is not able to evaluate the adequacy of these resources to meet the needs of grandfathered customers' firm requirements under the highly improbable hypothetical presented in this information request.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-17: In your opinion, do retail marketers plan on meeting the design day requirements of their pool of customers? Is there a distinction between planning for grandfathered and non-grandfathered daily metered customers? If not, why not? What is the design day standard used by marketers to meet their firm requirements, e.g. 1 in 25 years, 1 in 33 years, etc.?

RESPONSE: Sprague has insufficient knowledge upon which to base an opinion about the planning practices of other retail marketers on meeting the design day requirements of their pools of customers. There is no distinction between Sprague's planning for grandfathered and non-grandfathered daily metered customers. Sprague's planning and procurement processes are structured on the basis that Sprague will always meet the anticipated needs of its retail natural gas customers. Sprague's obligation to meet the daily natural gas requirements of all customers is the same. Sprague does not limit its supply planning criteria to any arbitrary standard.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-18 Does Sprague rely on the ability to trade imbalances pursuant to Bay State's Tariff to avoid any daily metered under-deliveries? If so, to what extent. What assurances does Sprague have that other retail marketers will over-deliver, helping to off-set any under-deliveries by Sprague?

RESPONSE: Sprague does not rely on the ability to trade imbalances. Sprague has no assurances that other retail marketers will over-deliver, helping to off-set any under-deliveries by Sprague.

Responsible Person(s): Brian Weego, Director, Natural Gas Marketing

BSG-SPR-19 Has Sprague under-delivered by more than 30% for its daily metered pool on any day prior to entering into any imbalance trades? If so, please list these days and imbalance percentages.

RESPONSE: Attached are imbalance results for the three Bay State pools for the period January 1, 2004 through June 30, 2006.

Responsible Person(s): George E. Briden, Snake Hill Energy Resources, Inc.

BSG-SPR-20 Reference Mr. Briden's testimony at page 1, line 8. Please describe the other services provided by Snake Hill.

RESPONSE: Please refer to page 1, line 1 through page 2, line 2 of Dr. Briden's testimony.

Responsible Person(s): George E. Briden, Snake Hill Energy Resources, Inc.

BSG-SPR-21 Reference Mr. Briden's testimony at page 1, line 17. Please list the positions Mr. Briden has held with a local distribution company and the corresponding responsibilities and dates.

RESPONSE: Please refer to Exhibit GEB-2.

Responsible Person(s): Sprague Energy Corp.'s counsel

BSG-SPR-22 Reference Mr. Briden's testimony at page 2, lines 2-3. Please provide copies of all testimony, reports or other documents prepared by Mr. Briden related to gas supply planning and procurement.

OBJECTION: Sprague objects to this information request as it is overly broad, vague, unduly burdensome, seeks confidential and/or proprietary information, and is not likely to lead to information relevant to this proceeding. Notwithstanding this objection, public testimony of Dr. Briden in prior regulatory proceedings, to the extent in Dr. Briden's possession and not readily available on public web sites, is available for inspection and copying at Bay State's expense at the offices of Snake Hill during regular business hours.

Responsible Person(s): George E. Briden, Snake Hill Energy Resources, Inc.

BSG-SPR-23 Reference Mr. Briden's testimony at page 12, line 6 through page 13, line 17. Is it Mr. Briden's recommendation that Bay State should implement a system whereby it could monitor and remotely shutoff grandfathered customers whose usage contributed to an overtake? If so, please describe in detail all changes to Bay State's tariff that would be necessary to implement Mr. Briden's recommendation.

RESPONSE: Not only is it Dr. Briden's recommendation, Bay State has been ordered to do this by the D.T.E. Dr. Briden has not prepared an analysis of the specific changes that would be required in Bay State's tariff.